

CALIFORNIA CODE OF REGULATIONS, TITLE 11. LAW
DIVISION 3. GAMBLING CONTROL
NOTICE OF PROPOSED RULEMAKING

“Schedule of Investigation and Processing Costs”

The Department of Justice, Division of Law Enforcement, Bureau of Gambling Control (Bureau), proposes to adopt the regulations described below after considering all comments, objections, or recommendations regarding the proposed action.

PROPOSED REGULATORY ACTION: The Bureau proposes to modify and make additions to section 2037 of Title 11, Division 3, Chapter 1, Article 4 of the California Code of Regulations, concerning deposit amounts required for the investigation of individuals and business entities applying for a state gambling license as well as applications for contract approval or game review.

PUBLIC HEARING

The Bureau will hold a public hearing on Wednesday, June 9, 2010 at 9:00 a.m. in the State of California, Department of Consumer Affairs, Hearing Room at 1625 North Market Boulevard, Sacramento, California, 95834. The room is wheelchair accessible. At the hearing, any person may present statements or arguments orally or in writing relevant to the proposed action described in the Informative Digest. The Bureau requests but does not require that persons who make oral comments at the hearing also submit a written copy of their testimony at the hearing.

WRITTEN COMMENT PERIOD

Any interested person, or his or her authorized representative, may submit written comments, relevant to the proposed regulatory action, to the Bureau at any time during the 45-day public comment period commencing on April 16, 2010. To be considered for summary and response, all written comments must be received no later than 5:00 p.m., May 31, 2010.

Written comments for the Bureau’s consideration should be directed to:

Susanne George, Bureau Regulations Coordinator
Department of Justice
Division of Law Enforcement
Bureau of Gambling Control
1425 River Park Drive, Ste. 400
Sacramento, CA 95815
Telephone: (916) 263-4971
E-mail: susanne.george@doj.ca.gov
FAX: (916) 263-0928

AUTHORITY AND REFERENCE

Note: Authority cited: 19826, 19867, and 19984, Business and Professions Code and Section 12358(a)(2) California Code of Regulations.

Reference: Sections 19805(b), (i), and (j), 19827, 19830, 19853(b), 19867, 19950(b), 19951, 19952 and 19984, Business and Professions Code.

INFORMATIVE DIGEST AND POLICY STATEMENT OVERVIEW

The Gambling Control Act (commencing with section 19800 of the Business and Professions Code) sets forth provisions pertaining to the licensing of persons and businesses associated with controlled gambling in California. Both the California Gambling Control Commission (Commission) and the Bureau have enacted regulations pursuant to specific provisions of the Gambling Control Act. Existing regulations require an applicant to submit a deposit amount, in addition to the required application fee, before the Bureau initiates any background investigation, review, or approval related to a license, a finding of suitability, or an approval. An applicant's deposit is designated for the costs and charges that, in the judgment of the Bureau Chief, will be adequate to pay the anticipated costs and charges incurred by the Bureau to conduct the mandated investigation or review. Also in accordance with Business and Professions Code Section 19867, the Bureau Chief may require an applicant to deposit additional sums necessary to pay additional costs and charges of the investigation.

The proposed regulation will increase the deposit amounts and add new deposits required by the Bureau. These necessary increases will ensure the deposits are adequate to pay the anticipated investigation and processing costs required by Business and Professions Code Sections 19867 and 19984, and that applicants are noticed as to the potential cost of such investigations, reviews and approvals. This proposed regulation was prompted by a recent review of the average costs for certain investigations. The Bureau discovered that the deposits for these investigations are not sufficient to complete the necessary investigation or review, resulting in delayed processing times.

DISCLOSURES REGARDING THE PROPOSED ACTION

The Bureau has made the following initial determinations:

Required Determinations

LOCAL MANDATE

These regulations do not impose a mandate on local agencies or school districts.

IMPACT ON PRIVATE PERSONS/BUSINESSES

The Bureau is not aware of any cost impacts other than the stated deposits that a representative, private person or business would necessarily incur in reasonable compliance with the proposed action.

IMPACT ON BUSINESS

The Bureau has determined that the proposed regulatory changes will not have a significant adverse economic impact on businesses in California.

IMPACT ON SMALL BUSINESS

The Bureau has determined that the proposed regulatory changes will have no adverse impact on businesses. The proposed regulatory changes are essentially intended to better align the amounts of the investigative deposits with the actual costs for background investigations, which gaming businesses and other types of applicants are already required to pay. It should be noted that the Bureau is authorized to employ external resources for background investigations, and affected applicants are required to pay the higher costs in those cases as well. Therefore, the proposed regulatory changes

would not result in additional costs to businesses, but rather would result in a schedule of deposits that more accurately reflects the actual costs for investigations.

SIGNIFICANT EFFECT ON HOUSING COSTS

The Bureau has made an initial determination that the proposed regulatory action would not affect housing costs.

COST OR SAVINGS TO ANY STATE AGENCY

None.

COST TO ANY LOCAL AGENCY OR SCHOOL DISTRICT THAT MUST BE REIMBURSED IN ACCORDANCE WITH GOVERNMENT CODE SECTION 17561

None.

OTHER NON-DISCRETIONARY COST OR SAVINGS IMPOSED UPON LOCAL AGENCIES

None.

COST OR SAVINGS IN FEDERAL FUNDING TO THE STATE

None.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code section 11346.5(a)(13), the Bureau must determine that no reasonable alternative considered by the Bureau or that has otherwise been identified and brought to the attention of the Bureau would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

The Bureau invites interested persons to present statements or arguments with respect to alternatives to the proposed regulations at the scheduled hearing or during the written comment period.

ASSESSMENT REGARDING CREATION OR ELIMINATION OF JOBS IN CALIFORNIA

The Bureau has made an assessment and determined that the adoption of the proposed regulation will neither create nor eliminate jobs in the State of California nor result in the elimination of existing businesses or create or expand businesses in the State of California.

AVAILABILITY OF STATEMENT OF REASONS, PROPOSED REGULATIONS, AND OTHER INFORMATION

The Bureau has prepared a statement of reasons for the proposed amendments to existing regulations and a listing of the exact regulations being proposed.

Copies of the exact language of the statement of reasons and of the text of the proposed amendments to existing regulations and any other information may be obtained from the Bureau contact person shown in this notice. Copies of the exact language of the statement of reasons and of the text of the proposed amendments to existing regulations may also be obtained through the Bureau's web page on the Attorney General's web site at www.ag.ca.gov/gambling/regulations.php.

With the exception of any non-substantive technical or grammatical changes, the full text of any amended proposal will be available for 15 days prior to its adoption to all persons who submit written comments during the public comment period, and all persons who request notification.

AVAILABILITY OF CHANGED OR AMENDED TEXT

After the Bureau analyzes all timely and relevant comments received during the comment period, the Bureau will either adopt the amendments to the existing regulations as described in this notice, or make modifications based on the comments. If the Bureau makes modifications which are sufficiently related to the original text of the proposed amendments to the existing regulations, the amended text, with the changes clearly indicated, will be made available to the public for at least 15 days before the Bureau adopts the revised amendments to the existing regulations. The Bureau will accept written comments on the amended regulations for 15 days after the date on which they are made available.

AVAILABILITY OF FINAL STATEMENT OF REASONS

Once the Final Statement of Reasons has been prepared, it will be made available through the contact person shown in this notice.

CONTACT PERSON

Inquiries concerning this rulemaking should be directed to:

Penny Brown, Licensing Support Services
Department of Justice
Division of Law Enforcement
Bureau of Gambling Control
1425 River Park Drive, Ste. 400
Sacramento, CA 95815
Telephone: (916) 263-5820
E-mail: penny.brown@doj.ca.gov
FAX: (916) 732-7959

Requests for a copy of the proposed text of the regulation or Initial Statement of Reasons should be directed to:

Susanne George, Bureau Regulations Coordinator
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